

Message Text

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51

ACTION EB-07

INFO OCT-01 AF-06 ARA-06 EUR-12 ISO-00 CIAE-00 DODE-00

INR-07 NSAE-00 PA-01 USIA-06 PRS-01 SP-02 COME-00

TRSE-00 AGR-05 OMB-01 CIEP-01 STR-04 L-02 SS-15 NSC-05

/082 W

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P R 191445Z APR 75

FM AMEMBASSY BRASILIA

TO SECSTATE WASHDC PRIORITY 8772

INFO AMEMBASSY LONDON PRIORITY

AMCONSUL RIO DE JANEIRO

AMCONSUL SAO PAULO

AMEMBASSY BOGOTA

AMEMBASSY LUANDA

AMEMBASSY ABIDJAN

LIMITED OFFICIAL USE BRASILIA 3022

E.O.11652: N/A

TAGS: ETRD, EAGR, BR

SUBJECT: BRAZILIAN NEWSPAPER REPORT OF US POSITION ON THE
INTERNATIONAL COFFEE AGREEMENT (ICA)

REF: LONDON 5887 B. LONDON 5841

1. SUMMARY: ON 17 APRIL, O JORNAL DO BRASIL CARRIED A
LONDON DESPATCH REPORTING THAT THEUS BROKE A THREE YEAR SILENCE
BY PUTTING FORTH "SUGGESTIONS" FOR A NEW COFFEE ACCORD
DESIGNED TO STABILIZE COFFEE PRICES. THE SUGGESTED PROVISIONS
INCLUDE QUOTAS BASED ON RECENT EXPORT LEVELS, A MINIMUM PRICE,
AND A RESERVE OF 10 MILLION SACKS TO GUARANTEE ADEQUATE SUPPLIES
TO CONSUMERS IN YEARS OF SCARCITY OR LOW HARVESTS.
EMBASSY AWAITS RECEIPT OF TEXT OF US SUGGESTIONS AND WOULD
APPRECIATE ANY PRESS GUIDANCE. END SUMMARY.

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2. ACCORDING TO THE 17 APRIL EDITION OF O JORNAL DO BRASIL,

THE US PUT FORTH ON 16 APRIL IN LONDON PROPOSALS FOR A NEW ICA, SPECIFICALLY:

A. QUOTAS -- BASIC EXPORT QUOTAS WILL BE BASED ON EXPORTS BY A COUNTRY OVER A FIVE YEAR PERIOD, PREFEREABLY "A RECENT PERIOD". THIS LAST POINT IS NEGOTIABLE. MORE SPECIFICALLY, ANNUAL EXPORT QUOTAS WILL BE DIVIDED AS FOLLOWS: 80 PERCENT IN ACCORDANCE WITH PERCENTAGES ESTABLISHED IN THE ABOVE MENTIONED FORMULA, AND 20 PERCENT IN ACCORDANCE WITH THE QUANTITY OF COFFEE MAINTAINED IN RESERVE BY EACH EXPORTING COUNTRY, VERIFIED AT THE END OF EACH COFFEE YEAR. THE GLOBAL QUOTA WILL BE NEGOTIATED EACH YEAR IN ACCORDANCE WITH THE EXIGENCIES OF THE WORLD MARKET. THE DISPATCH ALSO NOTED THAT CONSUMER SOURCES EXPLAINED THA THE INCLUDSION OF THE EFFECT OF EXPORTS IN THE CALCULATION OF ANNUAL QUOTAS WILL HELP TO DISCIPLINE PRODUCERS, AVOIDING "UNFAIR COMPETITION AND THE RECENT EXCESSES."

B. PRICE -- THE MINIMUM PRICE WILL BE NEGOTIATED FOR THE DURATION OF THE ACCORD, TAKING INTO ACCOUNT INFLATIONARY FACTORS, COSTS OF PRODUCTION, AND PRICE INCREASES OF MANUFACTURED GOODS FROM 1962 TO 1976, WHEN IT IS HOPED THAT THE ICA WILL ENTER INTO FORCE.

C. ADJUSTMENT OF QUOTAS -- QUOTAS WILL BE ADJUSTED IN ACCORDANCE WITH PRICE RISES AND FALLS OF FIVE TO SIX CENTS PER POUND, WITH THE BOTTOM RANGE BEING THE MINIMUM PRICE.

D. GUARANTY RESERVES -- GUARANTY RESERVE OF 10 MILLION SACKS WILL BE FORMED IN THREE YEARS WITH CONTRIBUTIONS OF PRODUCERS IN ACCORDANCE WITH THE NUMBER OF SACKS EXPORTED. NATIONS WHICH EXPORT 100,000 SACKS OR LESS WOULD BE EXCLUDED.

E. DURATION OF THE ACCORD -- THE ACCORD WOULD LAST SIX YEARS WITH THE PROVISION THAT THE "REGULATORY LAWS," WHICH PERMIT NATIONAL AUTHORITIES TO CONTROL QUOTAS AND EXPORTS, BE RENEWED EVERY THREE YEARS (BECAUSE THE US CONGRESS DOES NOT PERMIT LAWS TO BE APPROVED FOR LONGER PERIODS).

3. CITING RESPONSIBLE SOURCES, THE DISPATCH SAYS THATTHE US "SUGGESTIONS" DO NOT GIVE FIGURES FOR PRICES AND QUOTAS BECAUSE THEY "ARE NEGOTIABLE", AND THAT THEINTENTION IS TO ACCELERATE THE NEGOTIATIONS IN ORDERTO "OBTAIN A STABLE AND ACCEPTABLE WORLD COFFEE ACCORD."

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4. ACTION REQUESTED -- ASSUME FROM REF A PARA 3 THAT EMBASSY WILL SOON RECEIVE TEXT OF US SUGGESTIONS. EMBASSY WOULD ALSO APPRECIATE ANY PRESS GUIDANCE.
CRIMMINS

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: COFFEE, AGREEMENTS, PRESS COMMENTS, FOREIGN POLICY POSITION
Control Number: n/a
Copy: SINGLE
Draft Date: 19 APR 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: WorrelSW
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975BRASIL03022
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D750138-0310
From: BRASILIA
Handling Restrictions: n/a
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ISecure: 1
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Review Date: 23 JUN 2003
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Review History: RELEASED <23 JUN 2003 by ShawDG>; APPROVED <04 NOV 2003 by WorrelSW>
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Margaret P. Grafeld
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05 JUL 2006

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Type: TE
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